



Building A Better Durham

Municipal Bond Referendum

November 8, 2005

A REPORT TO THE CITIZENS OF DURHAM ♦ JULY - AUGUST 2005

Streets, Parks, Facilities Are Focus Of November 8 Bond Referendum

On November 8, 2005, Durham citizens will vote on a \$110 million City of Durham general obligation bond package. The bonds would finance a long term construction program of improvements to streets, public facilities and the City's water and sewer infrastructure as well as providing funds for neighborhood economic development and public safety needs.

Cities often issue voter-approved general obligation (GO) bonds to pay for major projects over time. For Durham, GO bonds are the most cost-effective method available to finance large-scale projects because the City's sound financial record has earned it the right to finance at the lowest rates available. Durham's last general obligation bond referendum was approved in 1996.

The propositions approved by the City Council include:

Public Safety Bond **\$6,195,000**

This proposal provides funds to pay the costs of (1) renovating and improving designated police and fire stations, the police headquarters facility, the fire maintenance facility and the fire station administration facility, and (2) the replacement of public safety communications

equipment. The planned projects include:

- ✓ Renovation of City-owned buildings on Rigsbee and Broadway streets to house the Police Department's Forensic Services Unit, the Downtown Patrol District substation and the Special Operations Division.

- ✓ Upgrades and renovations at the Police Department Headquarters. Needed repairs include HVAC, water infiltration, plumbing and electrical systems, interior finishes and repairs to a deteriorated parking lot.

- ✓ Replacement of outdated police radio equipment; and renovations to fire station 12, the Fire Maintenance Building and the Fire Department Administration Building.

Cultural Facilities Bonds **\$11,005,000**

This proposal provides funds to pay the capi-

tal costs of constructing, renovating and improving certain community, cultural and performing arts facilities.

The planned projects include:

- ✓ The renovation and upgrade of facilities at Durham Athletic Park. The two-phase project would rehabilitate the stadium as a multi-use facility for athletics and entertainment downtown.

- ✓ Renovations at the Carolina Theatre. The building constructed in 1926 needs replacement of aged, worn, and/or damaged carpeting, paint and plaster.

- ✓ Renovations at the Civic Center, Armory, Arts Council, and the Hayti Heritage Center.

Parks and Recreation Bonds **\$38,333,000**

This proposal funds the acquisition, construction, renovation, and major improvements to



Renovations would upgrade the Police Department's Forensics Unit.



Renovations at the Carolina Theatre would replace aged interior finishes.

Manager's View

Bonds Would Support Durham's Growing Needs

Tough economic times and pressing needs elsewhere have resulted in public property maintenance and improvements being pushed to the back burner in recent years. Durham's aging infrastructure, streets, water and sewer lines, and building repairs have taken a back seat as Durham has tried to meet other pressing needs.



*City Manager
Patrick Baker*

As any homeowner can tell you, though, put the little repairs off and they soon become major undertakings. They never go away. They only get more expensive.

For the past two years, City staff and a citizens' advisory panel have been studying ways for the City to relieve the backlog of deferred work that hinders its future growth and plan for future growth through the capital improvements program.

Since 1990, the population of Durham has grown by nearly 70,000 people. With that growth, comes increased traffic, increased stress on the City's streets, maintenance

equipment, and the infrastructure that every citizen depends on. With more people there is more demand on the City's services and parks and recreation facilities.

With Governor Mike Easley declaring a state of fiscal emergency for North Carolina in 2002, shared municipal revenues were frozen to help balance the state's budget. That same revenue was also limited in 2003. To account for the lost revenue, the City of Durham, like many other cities in North Carolina, was forced to decrease capital improvement funding sources to balance its budget.

The fiscal year 2005 capital improvements process was revised to include an objective, professional evaluation of projects using the guidance of citizens, business and community leaders along with the leadership of the City staff and City Council. The City has built upon that process in coming up with a sound plan to fund the City's maintenance needs and build the framework for future growth.

Now, it's your turn to learn as much as you can about Durham's needs and to make your vote count in November.

designated Durham parks and recreational facilities. The planned projects include:

- ✓ Providing a Northeast Central Durham Recreation Center (Holton Middle School) with a gymnasium and classroom space, with planning for future additional facilities.

- ✓ Construction of a new recreation center with gymnasium at the site of the existing small center in Walltown Park. The project also includes planning for a possible future pool.

- ✓ Construction of a 20-acre facility containing an athletic field, disc golf course, walking trails, playground, picnic shelter and parking at Bethesda Park.

A future phase will include a full-service recreation center.

- ✓ Upgrades and renovations at more than 25 of the City's recreational facilities, parks and greenways including Edison Johnson, Campus Hills, and WD Hill Centers; large and small parks throughout the City; and system-wide security gates and signage.



Renovations to the former Holton Middle School would provide a multi-use recreation facility.

Public Improvement Bonds \$7,113,000

This proposal provides funds to pay the costs of (1) construction, renovation and improvement of Durham public buildings and (2) acquisition of computer software to help the City improve its operations and efficiency. The planned projects include:

- ✓ Completion of a new asphalt and concrete slab at the Solid Waste Transfer Station to replace older slab that has deteriorated, threat-

ening contamination of the ground beneath.

- ✓ Improvements to the City Hall Annex/Planning Building including HVAC, water infiltration, power distribution, plumbing, roofing and interior finishes.

- ✓ Other proposed projects would meet Americans with Disabilities Act compliance requirements, provide a new Sign and Signal Shop, and improve automation.

Neighborhood Improvement Bonds \$1,500,000

This proposal provides funds to establish a Neighborhood Economic Development Fund to finance neighborhood improvements targeting low and moderate income neighborhoods. The projects include:

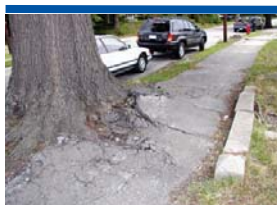
- ✓ Public/Private revitalization of targeted low and moderate income neighborhoods. Funding can be used for streets and sidewalks, environmental cleanup and land purchase.

Street and Sidewalk Bonds \$18,512,000

This proposal provides funds to finance the capital costs of constructing, enlarging, extending and improving City streets and sidewalks. The planned projects include:

- ✓ Resurfacing of City streets on an ongoing cycle as to not allow the street stock to decay but improve.

- ✓ Repair and replacement of damaged or deteriorating sidewalks along streets in the public right of way



Damaged and deteriorating sidewalks would be repaired throughout the City.

throughout the City to improve pedestrian safety and City appearance.

- ✓ Paving streets petitioned for by neighborhood residents.

- ✓ Provision of funds to match federal/state transportation grants for various improvements such as noise barriers, road extensions, roadway landscaping, bicycle lanes and intersection improvements.

Water and Sewer Bonds \$20,000,000

This proposal provides funds for (1) construction, expansion and improvement of designated City water and wastewater treatment plants, (2) extension of water and sewer service, and (3) rehabilitation of existing water mains and sewer lines. The proposed projects include:

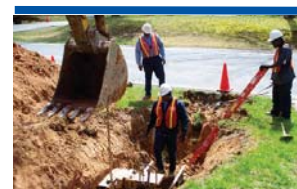
- ✓ Renovation and upgrades for the 50,000

cubic-foot gas holder at the North Durham Water Reclamation Facility with additional process tank-

age, piping and new roofs for existing buildings. The projects also include landfill gas utilization equipment.

- ✓ Rehabilitation and restoration of the City's sewer collection system through the inspection, cleaning, repair and replacement of sewer mains and outfalls.

- ✓ The projects also include water main rehabilitation, expansion and upgrades at the Brown Water Treatment Plant, and water and sewer extensions and improvements.



Replacement of deteriorating water pipes would strengthen the City's infrastructure.

Parking Bonds \$7,342,000

This proposal provides funds for the renovation and improvement of designated City public parking facilities. The proposed projects include:

- ✓ Structural repairs of the Centre Deck parking garage at 300 West Morgan Street.

- ✓ Repairs and renovations at the Chapel Hill Street and Corcoran Street parking facilities.



Renovations would repair crumbling driving surfaces in parking decks.



What Is a General Obligation Bond?

General obligation bonds are a method of borrowing money by states and local governments to raise funds for public projects. They are similar to a home loan in that the City borrows money with the pledge to pay the bondholders principal and interest over a predetermined number of years (normally 20).

General obligation bonds require a vote through a referendum and the approval of the Local Government Commission. GO bonds are unique in that they are backed by the full faith and credit of the issuing municipality, meaning that the government commits its full taxing authority to paying bondholders.

This makes GO bonds very attractive and popular in the bond market.

What makes general obligation (GO) bonds the best way for the City to pay for necessary repairs?

GO bonds allow the city to borrow money for public projects. Because Durham has earned and maintained a AAA rating from three different national bond rating agencies, (Standard and Poors, Moody's Investor Service, and Fitch, Inc.), the city can borrow money at the lowest interest rates. This AAA rating is the highest possible rating a city can receive and one that only about 40 cities in America can claim. The better the rating, the lower the risk to borrowers, and the lower the interest rate charged to the City.

How was it decided what projects would be included?

City Manager Patrick Baker has been firm in his resolve that Durham must first fix what it has before undertaking new projects. Departments made presentations to the City staff on more than 200 projects requiring in excess of \$600 million over the next few years. The City staff used a scoring system to begin prioritizing the projects and that list was presented to the citizens' advisory panel comprised of 28 community leaders. That group used its own scoring system to rate the projects

The Whats, Whens and Whys Of The Durham Proposal

based on the needs and wishes of citizens.

With interest rates at historic lows and the City's outstanding

credit rating, City staff and the advisory panel agreed that a general obligation bond referendum would be the most cost-effective

way of acquiring the significant funding required for projects of this size. A citizen survey also demonstrated favorable support for a bond referendum as a way of financing the projects.

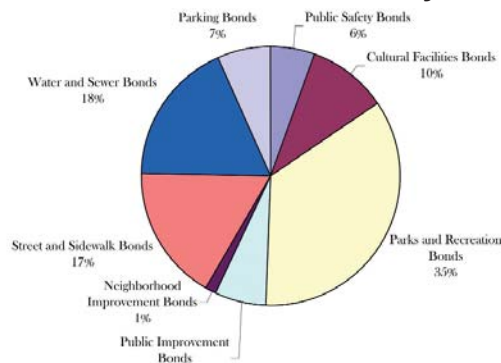
When Would These Projects Begin?

Different projects will have different start and end dates depending on their complexity and the level of planning and design accomplished to date. The City has diligently worked to put forward projects that are ready to move to construction. Most will begin within one to three years of the bond referendum.

What will happen if citizens do not approve the bond referendum?

Most of the projects will have to be completed using other more expensive funding sources. This will simply cost the City and its taxpayers more money since GO bonds are the least expensive way to finance such projects. Some projects may be delayed, which may mean reduced services to citizens. Other projects will be postponed indefinitely or cancelled permanently.

2005 Referendum Projects



This pie chart shows the percentage of bond funds that would be spent in each category. Nearly three quarters (74 percent) of the package would be allocated to upgrading the City's infrastructure and making major improvements.

Voter Information

All 56 Durham County polling places will be open for voting from 6:30 a.m. to 7:30 p.m. on November 8.

Early voting will begin October 20 and run through November 5.

All early voting must take place at the Durham County Board of Elections, 706 West Corporation Street in downtown Durham.

Did You Know?

- ✓ **The City of Durham enjoys a AAA Bond Rating - the highest possible rating that allows the City to borrow money at the lowest interest rate.**
- ✓ **Durham has received clean external financial audits and has consistently been awarded for excellence in financial reporting.**
- ✓ **General Obligation Bonds are the cheapest and most cost-effective way to borrow money for major projects.**

For more information about the municipal bond referendum visit the City of Durham website at www.durhamnc.gov or call Durham One Call at 560-1200.

This report is published by the Office of Public Affairs, 2nd floor, 101 City Hall Plaza, Durham, NC 27701. 40,000 copies of this publication were printed at a cost of 7 cents per copy.